GOVERNMENT OF INDIA
HUMAN RESOURCE DEVELOPMENT
LOK SABHA

UNSTARRED QUESTION NO:2351
ANSWERED ON:09.05.2016
Loans for Higher Education
Agrawal Shri Rajendra

Will the Minister of HUMAN RESOURCE DEVELOPMENT be pleased to state:

(a) whether the Government is taking any steps to broaden the Student base and to lend higher education loans to more students;
(b) if so, details thereof and if not, the reasons therefor; and
(c) the steps being taken by Government to prevent the loanee students from becoming defaulters for education loans?

Answer

MINISTER OF HUMAN RESOURCE DEVELOPMENT

(SMT. SMRITI ZUBIN IRANI)

(a) to (c): Department of Financial Services, Ministry of Finance, has informed that the Model Education Loan Scheme of the Indian Banks' Association has been modified from time to time to increase the coverage of the Scheme and to address the needs of the students. The last such revision was made in August 2015. As per the revised Scheme, Banks can make provision for moratorium taking into account spells of under-employment/unemployment, say two or three times (maximum of 6 months at a time) during the life cycle of the loan. This is over and above the Repayment Holiday/Moratorium Course period + 1 year. Details of the Scheme are available on Indian Banks'' Association''s (IBA) website www.iba.org.in. In order to facilitate easy processing and disbursal of loans, Government has launched a web-based portal viz. Vidya Lakshmi Portal (www.vidyalakshmi.co.in). Students can view, apply and track the education loan applications. There is also a Central Sector Scheme of MHRD which provides for full Interest Subsidy for the period of moratorium on educational loans taken by students from economically weaker sections with annual parental income up to Rs.4.5 lakh from scheduled banks under the Educational Loan Scheme of the IBA to pursue Technical/Professional courses in India. The details of the Scheme are available on MHRD website www.mhrd.gov.in. Government of India has notified a Credit Guarantee Fund Scheme for Education Loans (CGFSEL) on 17th September, 2015 wherein collateral free loan is given up to Rs. 7.5 lakhs.

*****